



Chairman Writes...

My Dear Colleagues,

25th April 2011 is one day that will linger in my mind for ever having been part of the Inaugural Function of the Diamond Jubilee Year Celebrations of SIRC as the Chairman of SIRC. We had the proud privilege of having our beloved President CA. G. Ramaswamy and Vice-President CA. Jaydeep N. Shah in our midst which heightened the significance of the Celebrations. One of the popular industrialist and our own member CA. S. Viji, Chairman, Sundaram Finance Limited and Managing Director, Brakes India Limited inaugurated the Celebrations with Dr. Nalli Kuppaswami Chetti, gracing the occasion as the Guest of Honour. On this occasion, our beloved President CA. G. Ramaswamy unveiled the Diamond Jubilee Logo and released a colorful supplement to mark the occasion.

Most satisfying was to see the senior members of the profession who have adorned various positions in the Institute's affairs in the capacity of Presidents, Central Council Members, Chairmen of SIRC, Regional Council Members unmindful of their age and physical strain present at the function. It was a moment of nostalgic memories for all of us to go down the memory lane of the Institute and SIRC in these 60 years. I thank everyone for their august presence. I place on record the great efforts put forth by many like council colleagues, members of the diamond jubilee celebrations committee, officers and staff of SIRC, DCO and many others which has brought this event to this level.

The last month was a very eventful month not just for us at the Institute but also all over the Nation. The Euphoria over the World Cup died out so quickly that it really makes me pause and think how short is our memory. It was an event that was well marketed and the thrill was heightened to its climax, but somehow the celebrations and the enthusiasm just vanished in three days flat, and for an event that occurred after more than twenty eight years after the previous one. It also made me realise that success today is short-lived and what we achieve today is just in the memories of those who matter, the rest of the world keeps moving with its own issues and struggles.

Another event that hit the headlines and made me think was the Lok Pal Bill and the initiative of Sri. Anna Hazare. That shook the nation and also made us all thinking. It showed us the might of an honest and sincere Indian. 71-year-old Kisan Baburao Hazare alias Anna, showed us that if we are convinced about something and work towards that goal with all the passion and conviction nothing can stop us. Honestly he has inspired me to really rethink



CA. S. Viji, Chairman, Sundaram Finance Ltd. & MD, Brakes India Ltd inaugurating the Diamond Jubilee Celebrations of SIRC of ICAI. (L-R): CA. Jaydeep Narendra Shah, Vice-President, ICAI, CA. G. Ramaswamy, President, ICAI, Dr. Nalli Kuppaswami Chetti, Managing Partner, M/s. Nalli Chinnasami Chetty, CA. P.R. Aruloli, Member, SIRC, CA. K. Viswanath, Vice-Chairman, SIRC, CA. S. Murali, Secretary, SIRC, CA. K. Shanmukha Sundaram, Chairman, SIRC and CA. Gopal Krishna Raju, Member, SIRC.

on my working style and also the way I look at things.

I still vividly remember meeting a businessman who was all praise for a colleague of ours for his innovative methods, curiosity got the better of me and I asked him what he meant and he explained that he had met many professionals and consultants, but here was a Chartered Accountant who told him clearly that he will work with him for one year and will convert his business to be completely clean and transparent and if not will have agreed to have failed.

These are moments that make me sit with pride that the contributions of our colleagues are indeed being recognised and appreciated.

Annual Registration scheme for the seminars is being launched from this month and the details of which is given elsewhere in this newsletter.

I place on record with deep appreciation for the Salem and Ernakulam branches of SIRC of ICAI, SICASA and also to the Committee for Members in Industry of ICAI for their initiatives to support, to conduct/organise/host various programs during the month.

SIRC takes pleasure in announcing its 43rd Regional Conference at Coimbatore on 19th and 20th of August, 2011. I take privilege in extending my personal invitation to each one of you to participate and make this event a grand and fruitful one.

If the beginning of this letter was about a great moment, I must share with you the experience that made my heart swell with pride. The moment was when a newly qualified Chartered Accountant was felicitated in Munnar RRC, last week, for being placed with an annual package of around seventy lakhs in Singapore, the moment made me realise that the change has come, and our profession has also found its real value in the Corporate World. The icing on the cake was when I understood that there were four of the CA's were placed with the same pay package. This should give us a lot to think about and work on spreading the word amongst the students of our Institute.

Yours affectionately

CA. K. SHANMUKHA SUNDARAM

INAUGURATION OF DIAMOND JUBILEE CELEBRATIONS OF SIRC OF ICAI - APRIL 25, 2011-MUSIC ACADEMY, CHENNAI



Dignitaries and Functionaries at the Inaugural Session



Chief Guest **CA. S. Viji**,
Chairman, Sundaram Finance Ltd.
& MD, Brakes India Ltd.
delivering Inaugural Address



Guest of Honour
Dr. Nalli Kuppaswami Chetti,
Managing Partner,
M/s. Nalli Chinmasami Chetty
delivering Special Address



CA. G. Ramaswamy
President, ICAI
delivering
Presidential Address



CA. Jaydeep Narendra Shah
Vice-President, ICAI
delivering
Special Address



CA. G. Ramaswamy, President, ICAI releasing the SIRC Diamond Jubilee
Logo and Supplement brought out in 'Trinity Mirror'.



CA. G. Ramaswamy, President, ICAI being honoured as one of the Past
Chairmen of SIRC of ICAI.



Walkathon at Marina Beach, Chennai on April 25, 2011 led by **CA. K. Shanmukha Sundaram, Chairman, SIRC of ICAI**. Central Council Members, Regional Council Members, Members, Students and staff participated.



CA. S. Murali, Secretary, SIRC presenting a Certificate to one of the donors
at the Blood Donation Camp organized in association with Lions Blood Bank,
Chennai at Music Academy, Chennai on April 25, 2011 in the presence of
CA. E. Phalgun Kumar, Treasurer, SIRC of ICAI.



CA. K.S. Ravi Shankar, Advocate, Bangalore addressing the members on
'Law relating to Anti Money Laundering and Benami Transactions' at the CPE
Meeting organized on April 25, 2011 at Music Academy, Chennai flanked by
CA. K. Shanmukha Sundaram, Chairman & CA. S. Murali, Secretary, SIRC.



First Meeting of the Diamond Jubilee Celebrations Committee of SIRC of ICAI
held on April 14, 2011 at ICAI Bhawan, Chennai.

DIAMOND JUBILEE CELEBRATIONS OF SIRC OF ICAI
Honouring of Past Presidents of ICAI and Past Chairmen of SIRC of ICAI



DIAMOND JUBILEE CELEBRATIONS OF SIRC OF ICAI
Honouring of Past Chairmen of SIRC of ICAI and present Central Council Members



SIRC CALENDAR

MAY & JUNE 2011

Contact: Shri T.V. Srinivasan, Senior Assistant Secretary – ICAI - Phone: 044 – 30210320 / 321 – Email: sirc@icai.in

Date and time	Program details	Resource person	Fee (₹)	CPE credit
May 1, Sunday 09.00 a.m. – 05.00 p.m.	NATIONAL SEMINAR ON XBRL – EXTENSIBLE BUSINESS REPORTING LANGUAGE	Details hosted in the SIRC Website www.sircoficai.org	500/-	6 hrs
May 4, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on IMPLICATION OF DIFFERENT ASPECTS OF INTERNATIONAL TAXATION IN THE PRESENT DAY CONTEXT	CA. R. Balagopal Kochi	150/-	2 hrs
May 11, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on QUALITY MANAGEMENT SYSTEM – ENHANCING QUALITY IN AUDITS	CA. G. Sivaprakash Chennai	150/-	2 hrs
May 13, Friday 11.00 a.m. – 01.00 p.m.	*CPE Teleconference on IND AS	CA. Amarjit Chopra , New Delhi & CA. Manoj Fadnis , Indore	150/-	2 hrs
May 18, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on TAX IMPLICATIONS OF WAIVER OF INTEREST AND PRINCIPAL OF BANKS	CA. R. Raghunathan Salem	No Delegate Fee	2 hrs
May 20, Friday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on PRESENTATION OF FINANCIAL STATEMENTS – AS-1	CA. S.A. Murali Prasad & CA. N.R. Govindarajan Chennai	150/-	2 hrs
May 21, Saturday 09.00 a.m. to 05.00 p.m.	*CPE Seminar on IT SECURITY, CONTROL AND AUDIT	Details Below		6 hrs
May 25, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on DIN & DIGITAL SIGNATURE – CORPORATE FORMATION FOR PROFESSIONAL GROWTH	CA. P. Prabakaran Pondicherry	150/-	2 hrs
May 26, Thursday 11.00 a.m. – 01.00 p.m.	*CPE Teleconference on DIRECT TAX CODE	Will be announced later by CPE Committee (Visit www.cpeicai.org)	150/-	2 hrs
May 27, Friday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS	CA. L. Venkatesan & CA. N.R. Govindarajan Chennai	150/-	2 hrs
May 27 to 29 Fri to Sunday	THREE DAYS RESIDENTIAL REFRESHER CPE SEMINAR AT VANDENMEDU	Details at page 16		12 hrs
June 1, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on ISSUES IN CAPITAL GAINS	CA. T. Raghunathan Chennai	150/-	2 hrs
June 8, Wednesday 06.15 p.m. – 08.30 p.m.	*CPE Study Circle Meeting on POINT OF TAXATION RULES	CA. Sayee Mohan Chennai	150/-	2 hrs

* Programmes at P. Brahmaya Memorial Hall, ICAI Bhawan, SIRC Premises, Chennai.

No Delegate Fee for ARS Members for CPE Study Circle Meetings on Wednesdays and Fridays

CPE SEMINAR ON IT SECURITY, CONTROL & AUDIT

under the auspices of Information Technology Committee of SIRC of ICAI

Saturday, May 21, 2011

9.30 a.m. to 5.00 p.m. - P. Brahmaya Memorial Hall,
ICAI Bhawan, No.122, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034

Inauguration: 09.00 am to 09.30 am

CPE Credit
6
HOURS

Session I: 09.30 am to 11.00 am

IT Act, 2008 [E-Audit, E-Signature, E-Cheque, Case Studies in offences under IT Act]

CA. R. Vittal Raj, Chennai

Session II: 11.15 am to 12.45 pm

How XBRL will dramatically improve Reporting and Control processes [Latest developments from ICAI and MCA]

CA. P. Selva Moorthy, Chennai

Session III: 01.45 pm to 3.15 pm

Forensic Accounting & Investigative Auditing

CA. P. Sharath Kumar, Hyderabad

Session IV: 03.30 pm to 05.00 pm

E-Security – Tools to prevent and detect Cyber Crime [Including Digital evidences and Cyber forensics]

CA. Ravi Veeraraghavan, Chennai

DELEGATE FEE

Members : ₹ 600/-
 ARS Members : Free
 Non-Members : ₹ 850/-

The delegate fee may be sent by way of Cash / Cheque at par / Demand Draft drawn in favour of "SIRC of ICAI" payable at Chennai.

Secretary
SIRC of ICAIChairman, IT Committee
SIRC of ICAIChairman
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Bengaluru

Deductibility of Additional Depreciation in a year succeeding the year in which eligible Assets were acquired and installed - An Analysis

Prelude:

Section 32 of the Income Tax Act, 1961 ('Act' for short hereinafter) deals with "allowance" on account of depreciation. Depreciation is generally allowable on a "block of asset". The term "block of asset" is defined in section 2(11) of the Act to mean a group of assets falling within a class of assets comprising (a) tangible assets, being buildings, machinery, plant or furniture; (b) intangible assets, being know-how, patents, copyrights, trade-marks, licences, franchises or any other business or commercial rights of similar nature, in respect of which the same percentage of depreciation is prescribed. Clause (ii) to sub-section (1) of section 32 provides that in case of a 'block of asset' deduction in respect of depreciation shall be computed by multiplying written down value of such block of asset with the rate as prescribed in this regard. This deduction is popularly known as 'normal depreciation'.

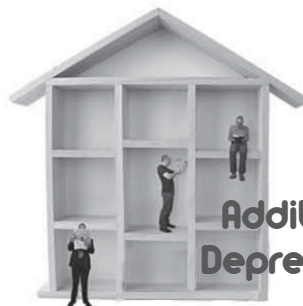
Clause (iia) of section 32(1) provides for 'additional depreciation'. Additional depreciation is admissible in case of new machinery or plant (other than ships and aircraft) acquired and installed after the 31st March 2005. To claim a benefit under this sub clause, the assessee should be engaged in the business of manufacture or production of any article or thing. The deduction towards additional depreciation is twenty per cent of the actual cost of machinery or plant acquired and installed. Clause (iia) of section 32(1) reads as under:

"(iia) in the case of any new machinery or plant (other than ships and aircraft), which has been acquired and installed after the 31st day of March, 2005, by an assessee engaged in the business of manufacture or production of any article or thing, a further sum equal to twenty per cent of the actual cost of such machinery or plant shall be allowed as deduction under clause (ii):"

As per the proviso to section 32(1)(iia) additional depreciation shall not be allowed in respect of:

- (1) machinery or plant which, before installation by assessee; was used within

The quantum allowable of both the depreciation is however subject to a restriction contained in second proviso to section 32(1)(ii).



Additional Depreciation

- or outside India by any other person;
- (2) machinery or plant installed in office premises or residential accommodation;
- (3) office appliances or road transport vehicles;
- (4) machinery or plant, where whole of actual cost is allowed as deduction from business income in any one previous year.

An assessee engaged in manufacture or production of an article or thing would thus be entitled to:

- (1) normal depreciation under clause (ii) of section 32(1) and
- (2) additional depreciation under clause (iia) of section 32(1).

Normal depreciation and additional depreciation are independent and cumulative

Normal and additional depreciation are two separate deductions available to an assessee. They are independent and cumulative. The expressions "further sum" and "shall be allowed" in clause (iia) of section 32(1) are indicative of this proposition. The word "further" means something in addition to. The words "shall be allowed" refers to the mandatory nature of deduction. It recognizes a statutory right of the

assessee towards additional depreciation. The expressions when read together would mean that additional depreciation is a compulsory deduction allowable to an assessee in addition to the normal depreciation under section 32(1)(ii).

Additional depreciation - computation aspect

Additional depreciation is computed on the basis of "actual cost" of the eligible asset. Normal depreciation is computed on the basis of "written down value" (WDV) of the block of asset.

The quantum allowable of both the depreciation is however subject to a restriction contained in second proviso to section 32(1)(ii). The same reads as under:

"Provided further that where an asset referred to in clause (i) or clause (ii) or clause (iia), as the case may be, is acquired by the assessee during the previous year and is put to use for the purposes of business or profession for a period of less than one hundred and eighty days in that previous year, the deduction under this sub-section in respect of such asset shall be restricted to fifty per cent of the amount calculated at the percentage prescribed for an asset under clause (i) or clause (ii) or clause (iia), as the case may be"

As per the above proviso, the quantum of depreciation under clause (i), (ii) and (iia) to section 32(1) would have to be limited to 50% if the asset has been put to use for the purposes of business for a period less than one hundred and eighty days in that previous year.

A situation may arise where an assessee acquires and install new machinery in the second half of the previous year. The machinery so acquired and installed would thus be used for a period of less than 182 days. In view of the second proviso to section 32(1)(ii), the assessee would have to restrict his claim of normal as well as additional depreciation to 50% of the eligible amount. The question for consideration is whether the balance of 50% of the additional depreciation would remain lapse [because of the restriction

provided in second proviso to section 32(1)(ii)] or whether the assessee would be justified in claiming the balance of 50% of additional depreciation in the subsequent financial year?

On a literal reading of section 32(1)(ia) and second proviso to section 32(1)(ii) restricts the additional depreciation is restricted to half the amount otherwise allowable. There is no explicit provision entitling the assessee to claim the balance of the additional depreciation in the succeeding year. In the absence of an explicit provision, whether the balance of 50% of additional depreciation would lapse?

A block of asset symbolizes the merger of various assets of a common group. The individual identity of the assets is lost. The price tag of individual asset has little significance. For an asset entering the block, its actual cost is reckoned for increasing the numerical figure of the block. For subsequent years, only the written down value remains relevant. The concept of actual cost in subsequent years is irrelevant. In other words, the concept of "actual cost" is relevant only in the year of acquisition of asset.

The concept of actual cost generally does not survive in the second & subsequent years. Additional depreciation is computed with reference to 'actual cost'. If the concept of actual cost does not survive in the second year, whether the balance of additional depreciation which is based on actual cost would survive?

Section 32(1)(ia) - a beneficial provision - calls for liberal and purposive interpretation

Section 32(1)(ia) was introduced into the Act by Finance Act, 2002 with effect from 01-04-2003. It was introduced as an **incentive for fresh investments in the industrial sector**. The following extract from Finance Minister's Speech at the time of presenting Finance Bill 2002 at the floor of the Parliament fortifies this proposition:

"I have already mentioned the need to provide incentives for fresh investments in the industrial sector. To give impetus to such investment, I propose to allow additional depreciation at the rate of 15% on new plant and machinery acquired on or after 1st April, 2002 for setting up a new industrial unit, or for expanding the installed capacity of existing units by at least 25%."

As discussed earlier, additional depreciation under section 32(1)(ia) is different from normal depreciation under section 32(1)(ii). Both are independent deductions. These deductions are separately available to an assessee. Clause (ia) to section 32(1) was introduced in the Act with a specific purpose / object of providing relief to

assessee who make investment in the new plant and machinery. The section therefore has to be interpreted keeping in view the intent and purpose for which it was introduced. It is a cardinal rule of interpretation that a beneficial provision should be given a liberal and purposive interpretation so as to fulfill the object of the legislation and comply with the legislative intent. It has to be interpreted in favour of assessee. [See among others *S. Appukuttan v. T. Janaki Amma AIR 1988 SC 587*, *Bajaj Tempo Ltd v. CIT [1992] 196 ITR 188 (SC)*, *Union of India and others v. M/s. Wood Papers Ltd. and another, AIR 1991 SC 2049*, *Chairman, Board of Mining Examination and Chief Inspector of Mines v. Ramjee AIR 1977 SC 965*]. The applicability of this rule can be challenged only where the result of liberal interpretation would be as good as re-legislation of a provision by addition, subtraction or alteration of words and violence would be done to the spirit of the provision or where there is no ambiguity.

The Supreme Court in *Tirath Singh v. Bachittar Singh, AIR 1955 SC 830*; *CIT v. National Taj Traders, AIR 1980 SC 485* and *K P Varghese v. ITO, AIR 1981 SC 1922* held that purposive interpretation / construction is to be adopted where the literal meaning of the language used in the provision leads a result which would defeat the intent behind the provision. In *Pepper (Inspector of Taxes) v. Hart [1994] 210 ITR 156 (HL)*, Lord Griffith observed "the days have long passed when the courts adopted a strict constructionist view of interpretation which required them to adopt the literal meaning of the language. The courts now adopt a purposive approach which seeks to give effect to the true purpose of legislation and are prepared to look at much extraneous material that bears upon the background against which legislation was enacted."

Goulding J. said in *Comet Radio Vision Services v. Farnell Trand Berg [1971] 3 All ER 230*:

"... The language of Parliament though not to be extended beyond its fair construction, is not to be interpreted in so slavishly literal a way as to stultify the manifest purpose of the Legislature."

To quote the Karnataka High Court in *Leelavathi v. Smt. M. Sharada AIR 1988 Kar 26*:

"The purpose of interpretation is to discover the intention of the Legislation, if such intention is not clear from the language used. The literal method is now completely out of date. Now the tide has swept in favour of a statute to promote the "general legislative purpose" instead of adhering to the "golden rule" of interpreting according to grammatical and ordinary sense of words. The cold, logical and soulless approach defeats not only justice but also the intention of the Parliament. The

construction which achieves the legislative intent should be favoured."

An interpretation which thus advances / achieves the purpose behind insertion of section 32(1)(ia) needs to be given effect. As noted earlier, the purpose was to provide an incentive to those who makes investment in new machinery or plant. Section 32(1)(ia) and second proviso to section 32(1)(ii) needs to be interpreted in a manner which fulfills this objective.

In a situation as outlined above, the object of section 32(1)(ia) could be achieved only when half of the additional depreciation remaining unavailable [in view of second proviso to section 32(1)(ii)] to the assessee in the year of acquisition and installation is allowed in the succeeding year. This interpretation also gets support from the fact that there is no specific bar against such a claim under second proviso to section 32(1)(ii). The second proviso to section 32(1)(ii) only creates a restriction with respect to the time over which additional depreciation could be claimed. The second proviso to section 32(1)(ii) does not affect the vested right of the assessee towards additional depreciation which it gets by making investment in the new machinery or plant.

One may state that the assessee earns his entitlement towards additional depreciation as soon as he incurs a cost on acquisition of plant or machinery. The entitlement towards additional depreciation crystallizes with the event of incurrance of cost on plant or machinery and has no relation with the WDV of the block of asset. In other words, a right to claim full additional depreciation vests with an assessee as soon as he incurs cost on acquisition and installation of a new machinery or plant during the relevant previous year. While construing a provision that creates a right, one must take a construction which saves the right rather than the one which defeats it. This was so held in *CWT v. Jagdish Prasad Choudhary 211 ITR 472 (Pat)*.

In this connection one may refer to the views expressed in the 10th Edition of Sampath Iyengar's Law of Income Tax. The observations of learned authors on page 2645 of the commentary support the construction discussed hereinabove. The observations read as under:

"After the block depreciation has come into vogue, it is not possible to argue that any part of the block has not been used during the year. Once it becomes eligible for depreciation, such depreciation under section 32(1)(ia) will be allowed first and the balance taken to the block. If such asset is eligible for additional depreciation and is acquired in later part of the year, 50% will be allowed in the year it is first brought to use and balance of 50% allowed in the next succeeding year. The question of disallowance of the remaining balance in the succeeding year cannot arise, because the amount is already

REGIONAL RESIDENTIAL CONFERENCE AT HAMPI

Saturday & Sunday, August 6 & 7, 2011

Complete details will be published in forthcoming issues

earned in the year of expansion, though allowable in the succeeding year.

Clause (B) of the proviso no doubt, allows extra depreciation in the year in which there is expansion. There is nothing to suggest that the remaining depreciation, which is already earned in the year of expansion should not be available in the next succeeding year as far as such depreciation under section 32(1)(ii) is concerned. If a view is taken that proviso B would allow the deduction only in the year of expansion, then 50% rule would have no application, so that the entire 100% amount should have been fully allowed in the assessment year 2003-2004.

Since what is allowed is depreciation, so described and also falling under section 32, the question would be whether the second proviso to section 32(1) restricting the depreciation to 50% of the amount will be applicable. The proviso reads as under:

“Provided further that where any asset referred to in clause (i) or clause (ii) or clause (iia), as the case may be, is acquired by the assessee during the previous year and is put to use for the purposes of business or profession for a period of less than one hundred and eighty days in that previous year, the deduction

under this sub-section in respect of such asset shall be restricted to fifty per cent of the amount calculated at the percentage prescribed for an asset under clause (i) or clause (ii) or clause (iia), as the case may be”. (emphasis supplied)

There is a cross-reference to clause (iia) in the above proviso indicating that 50% rule will certainly apply, so that only 50% or 15% will be allowable as a deduction if the asset is purchased in the latter half of the year. But such an argument will overlook the fact that it is an one-time allowance. The statutory right to 15% has already been earned in the year of acquisition. Section 32(1)(iia) uses the expression “shall be allowed”. Vested rights cannot get divested though section 32(1) second proviso restricts it to 50%, it does not say the balance of 50% will not be allowed in the succeeding year, because in the normal case it gets allowed as part of the block depreciation. What is allowed under section 32(1)(iia) is an extra depreciation which has been earned in the year of acquisition and requiring to be fully allowed, so that over and above, the normal depreciation of the entire block, the arrear depreciation of unabsorbed 7.5% should be available.

It is the only way section 32(1)(iia) can be reconciled with second proviso to section 32(1)(ii). The statutory allowance under section 32(1)(iia) gets staggered in two years for which there is no bar. In a normal case, no separate calculation is required because there are no two set of depreciation as in this case one for normal depreciation as part of the block and extra depreciation under section 32(1)(iia) subject to second proviso to section 32(1)(ii). This could be given effect by treating the arrear depreciation as extra depreciation under section 32(1)(iia) in the next succeeding year.”

Conclusion

In view of the above discussion, an assessee would be justified in claiming the balance of additional depreciation in the succeeding financial year, when only half the additional depreciation is allowed as a deduction in the year of investment. ■

DISCLAIMER

The SIRC/ICAI does not accept any responsibility for the views expressed in different contributions / advertisements published in this Newsletter.

ANNUAL REGISTRATION SCHEME (ARS) – 2011-12

[One time registration fee for programmes at SIRC]

SIRC of ICAI is happy to inform the Annual Registration Scheme (ARS) for the year 2011-12 commencing from 1st May 2011 to 28th February 2012. This is applicable only for members whose professional address is in Chennai.

The ARS fee for the year 2011-12: Rs.7,000/-.

The ARS is applicable only for the programmes organised by SIRC of ICAI at Chennai from 1st May 2011 to 28th February 2012.

The ARS will not cover programmes organized with other Branches / Regional Councils/ Central Council/Committees, Teleconferences and Residential Courses. ARS will also not cover the Workshops & Regional Conference(s) organised by SIRC of ICAI.

Last date for receipt of Annual Registration Fee: 31st May 2011.

We are sure that ARS will receive the instant response from all the members both in practice and industry.

Appeal to Members in industry:

SIRC requests members in industry to transmit this scheme to their management for sending registrations by the company.

CA. S. Murali, Secretary, SIRC

CA. K. Shanmukha Sundaram, Chairman, SIRC

ARS Registration Form for 2011-12

Name :	Membership No. :
Firm Name :	Telephone No.* [0] :
Address :	Telephone No. [R] :
.....	Mobile :
..... PIN:	Email :

D.D. / Cheque No dated drawn on

For Rs.7,000/- in favour of “SIRC OF ICAI” payable at Chennai.

Date:

Signature:



CA. Sriraman Parthasarathy
Chennai
psriraman@DELOITTE.com

Comfort In Conformations.....!

Introduction

Obtaining external confirmations for the balances/ transactions is an important audit procedure. During the recent past, when some significant accounting scandals broke out, the process of obtaining confirmations was heavily debated and discussed. This article is intended to discuss the importance of external confirmations, the regulatory framework, challenges in obtaining confirmations and the various types of confirmation requests that the auditor can consider for using in his audit duly taking into account the international practice and the emerging trends.

Regulatory Framework in India

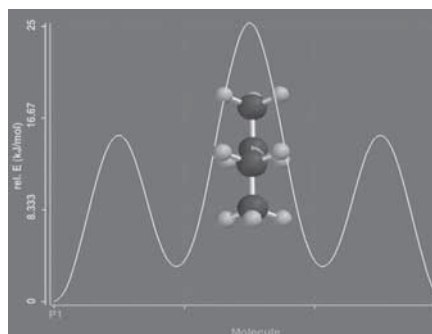
SA 505 deals with the use of external confirmation procedures as an important audit evidence in the Indian auditing framework. As indicated in the standard, the main objective of obtaining external confirmations is to design and perform such procedures to obtain relevant and reliable audit evidence. The Indian auditing standard on external confirmations is in line with the ISA 505.

Challenges in Obtaining Confirmations in India

There are quite a lot of challenges in obtaining audit confirmations in India. In a majority of the cases, the responses to the audit requests for confirmation are very minimal. This is primarily due to the lack of awareness of the importance attached to the confirmation process. The society at large needs to be aware of this important process so as to recognize and appreciate the fact that the transactions entered into with the other party are recorded properly in the books of account. If there are any disputes/ differences in the transactions/ balances, the same can be highlighted by way of providing required responses to the confirmation requests, which would help in dealing with the same appropriately.

Further, many times, the confirmation requests are open ended and are provided to the external parties without indicating the transaction value/ balance as per the books of account of the requestor. This invariably results in a situation of ignoring such requests.

There are quite a lot of challenges in obtaining audit confirmations in India. In a majority of the cases, the responses to the audit requests for confirmation are very minimal.



The other big challenge in obtaining confirmations is the lack of understanding of the contents due to language barriers. Many times, the confirmation requests are sent in English and the recipient of the confirmation may not be in a position to fully understand the content and the implications. This problem is much prevalent primarily in the case of financial institutions dealing with villagers regarding the loans/ other types of transactions. To overcome the same, the confirmations can be sent in the vernacular language in addition to the English language so as to make sure that they serve the intended purpose.

One other challenge in obtaining confirmations would be due to sending the requests without attaching the reply envelope duly affixing the required stamps. If due care is not taken in attaching the reply envelope, the possibility of obtaining the required response to the confirmation requests could be remote.

Lack of follow up for the confirmation requests sent for a transaction/ balance also is one of the major challenges in obtaining confirmations. Many times, the process of sending confirmations is carried out as a procedural requirement

rather than as an important process for obtaining an unbiased, external audit evidence.

Regular Confirmations

Normally, confirmation requests are sent for the following transactions/ balances:

- Bank Account Balances
- Accounts Receivable Balances
- Inventories held by Third Parties
- Title Deeds held by Third parties
- Accounts Payable Balances
- Legal Cases

Though the external confirmation procedures are relevant when addressing assertions associated with account balances and their elements, it need not be restricted to these items alone.

Additional Confirmations

Taking into account the current environment and global developments, the auditor may consider sending external confirmations for the following transactions/ balances as well:

➤ Confirmation from the Actuary

Independent confirmation from the Actuary performing the actuarial valuation regarding the basis/ assumptions used in the actuarial calculations, compliance with the relevant Actuarial Standards of Practice, professional qualification/ expertise, and the relationships, if any, with the client.

➤ Confirmation for the Key Contractual Terms

This confirmation could typically cover the key contractual terms such as period, price, quality standards, return allowances, additional contractual arrangements etc. Further, a specific confirmation could be obtained regarding absence of any side agreements/ arrangements.

➤ Compensating Balance Arrangements

An audit confirmation aimed at ensuring that none of the bank accounts are maintained under a compensating balance agreement, whether written or oral, without regard to legal enforceability, with the Company or any of its affiliates or subsidiaries as of a particular date may be obtained. If there are any such compensating balance arrangements, the same need to be disclosed in the financial statements.

Hence, this confirmation could help the auditors in identifying such situations.

➤ **Group Company Transactions**

All the transactions entered into by the Company with the group companies could be summarized separately as Income, Expenditure, Assets, Liabilities, Off Balance Sheet Items etc. and could be sent to the concerned group companies for an independent confirmation for ensuring the correctness and also the completeness of the disclosures made by the Company in its financial statements.

➤ **Confirmation from the Depository Participant (DP)**

A confirmation from the DP regarding the complete list of securities held in the name of the client confirming the holding, its type, nature, value etc. can be obtained.

➤ **Confirmation from Mutual Funds**

In addition to the Statement of Account obtained from the Mutual Fund Agency, an independent confirmation may be obtained for the mutual fund investments held by the Company as on a particular date.

➤ **Lease**

An independent confirmation may be obtained from the lessor regarding lease deed, term, lease deposit, buyout options, if any.

➤ **Insurance Coverage**

The auditor can send out confirmations to the Insurance Company (ies) with whom the client has taken the insurance cover seeking confirmation regarding policy terms, coverage amount, unpaid premiums, claims made, claims rejected, claims accepted etc.

➤ **Confirmation from the Registrar/ Share Transfer Agent**

Confirmation regarding the number of shares issued and remaining as outstanding may be obtained from the Registrar/ Share Transfer Agent in the case of listed companies.

➤ **Related Party Confirmation**

Confirmation requests may be sent to all the related parties which can be designed to provide specific information about the interests of

officers, directors, and other related parties in transactions with the Company. Such an independent confirmation could help in ensuring that the disclosures made by the Company on Related Party transactions are complete and comprehensive.

➤ **Significant Sales/Purchase Transactions**

Confirmation requests could be sent to some of the major customers requesting them to confirm independently the quantum of sales made to them during the year and the contracts pursuant to which they have purchased the items along with the confirmation that the sales were made without any future price renegotiation condition or volume rebates except to the extent indicated in the contracts.

Similar confirmation requests could be sent to key vendors of the client so as to make sure that the purchase transactions as recorded by the client are in line with the formal/ documented understanding of the parties.

➤ **Authorized Cheque Signers**

The auditor can obtain an independent confirmation from the bankers regarding the persons who are authorized to sign cheques on the bank accounts of the client, indicating the number of signatures required and any other limitations. This would also help in validating the correctness of the information provided by the client.

➤ **Subsequent Payment Confirmation from Customers**

Confirmation of the payments made by the customers subsequent to the period end date towards the sales made by the client along with the confirmation regarding the appropriation of the payment towards outstanding invoices may be obtained.

➤ **Confirmation from the Unit/ Division Heads**

In a large corporate set up which has got several divisions/ segments, the auditor can obtain an independent confirmation from the Unit Head/ Division Head regarding Turnover, Receivables and other key financial parameters related to

the Unit /Division's performance. This would enable the auditor to corroborate the information provided by the finance team.

➤ **ESOP Confirmation**

Obtaining confirmation from the employees for the various stock options granted, utilized, outstanding, vested, forfeited etc. may help the auditor in corroborating the evidence collected through alternate audit procedures.

➤ **Confirmation from the PF/ESI Authorities**

The possibility of obtaining confirmation from the various regulators such as PF authorities, ESI authorities, etc. regarding the payments made by the client and the other details as provided by the client as part of their submissions before the concerned authorities may be evaluated. Typically confirmation requests may be sent to Provident Fund Regulators regarding the number of employees, PF contribution made by the Company, PF remittances made based on employee deductions etc. This would help in validating the information as available in the books of account with the information furnished before the Regulatory Authorities.

➤ **Repayment of Loans**

Confirmation requests may be sent to the lenders to confirm the repayments of loans taken by the client and also seeking their input regarding defaults in repayments made during the year, if any.

➤ **Process Implementation**

The auditor may obtain an independent confirmation from the various department heads regarding the implementation of the standard operating procedures/ documented processes so as to ensure that the reality is in sync with the documented process.

The auditor has to evaluate the applicability of the various types of confirmations for a particular client environment and accordingly make a careful selection of the relevant ones so as to ensure an effective and efficient confirmation process.

Conclusion

The process of confirmation should not be construed as a procedural requirement and utmost importance needs to be provided to the entire confirmation request process. The nature and the type of confirmation requests may be suitably tailored to suit the requirements of the client and the auditor should continuously monitor the confirmation process directly. By way of effectively designing the confirmation process and executing it properly, the auditor can obtain maximum audit comfort from this important audit tool. ■

BLOOD DONATION CAMP

OUR SOCIAL RESPONSIBILITY – DONATE BLOOD – SAVE LIVES

Organised by SIRC in association with Lions Club of Anna Nagar II Avenue, Lions Club of Madras Metro West, Hemophilia Society-Madras Chapter and Rotary Central TTK VHS Blood Bank, Chennai.

[Further Details in June 2011 Issue]

DO NOT FORGET JULY 1 AND JULY 2, 2011

Days : **Friday and Saturday**
Dates : **July 1 & 2, 2011**
Timings : **09.00 a.m. to 02.30 p.m.**
Venue : Air-conditioned Room at the ICAI Bhawan at No. 122, Mahatma Gandhi Road, Nungambakkam, Chennai – 600 034.

LET US SAVE VALUABLE LIVES BY DONATING BLOOD

Legal Decision Update – Direct Taxes

CA. K.S. Satish, Mysore
ks.satish.55@gmail.com

Business Income

The Allahabad High Court has in **CIT v. Goel Builders (2011) 331 ITR 344 (All)** where the assessee-firm carrying on the business of manufacture and sale of heavy pipes and coolers constructed a commercial complex on land taken on lease from the Lucknow Development Authority and the rent received from letting out the complex was assessed as business income right from the beginning, taken the view that since the assessee had constructed the commercial complex exclusively as part of its commercial activity to earn income by letting it on rent, the rental income derived from letting out the same was liable to be assessed as business income and not as property income.

Section 10A

In **CIT v. Gem Plus Jewellery India Ltd. (2011) 330 ITR 175 (Bom)** where the Assessing Officer disallowed the contribution of the employer and employees towards provident fund which was deposited by the assessee beyond the due date while computing the total income of the assessee, the Bombay High Court held that the plain consequence of the disallowance made by the Assessing Officer was an increase in the business profits of the assessee and, therefore, the assessee was entitled to deduction under section 10A on the assessed income.

Section 40A(2)

Trade discount is not an expenditure and, therefore, section 40A(2)(b) does not apply to it, opined the Delhi High Court in **United Exports v. CIT (2011) 330 ITR 549 (Del)**.

Capital Gains

The Calcutta High Court has in **CIT v. Umedbhai International P. Ltd. (2011) 330 ITR 506 (Cal)** held that the formation of opinion of the Assessing Officer that the value of the asset claimed by the assessee is less than its fair market value is a sine qua non before making a reference to the Departmental Valuation Officer under section 55A and that recording reasons after the order of reference for valuation by the Departmental Valuation Officer is not the substitute of pre-decisional formation of opinion.

Income from Other Sources

Where the assessee, a founder member and secretary of an educational society who also worked as the head master of the school run by the society, received a certain amount for relinquishing his life membership and secretaryship of the society from another person who along with others took over the management of the society, the amount received could not be construed as a capital receipt but was assessable as income from other sources, held

the Karnataka High Court in **CIT & Anr. v. H.S. Ramachandra Rao (2011) 330 ITR 322 (Kar)**.

Income from Undisclosed Sources

The Delhi High Court has in **Sunil Dua v. CIT (2011) 330 ITR 413 (Del)** where the assessee claimed that a part of the jewellery seized was received by his wife in terms of the will made by the grandmother of the wife but failed to prove the genuineness of the will, expressed the view that the addition of the value of the jewellery was in order.

Search and Seizure

In **CIT v. Smt. Vandana Verma (2011) 330 ITR 533 (All)** where the warrant of authorisation was issued in the joint names of husband and wife who were living together in a single house and the assessment was made on the wife alone in individual capacity, the Allahabad High Court while observing that a warrant of authorisation must be issued individually and if not so issued, then an assessment cannot be made in an individual capacity, held that the assessment on the wife alone on the basis of the assets and documents seized during the course of search in individual capacity was invalid.

Reassessment

The Bombay High Court in CIT v. Jet Airways (I) Ltd. (2011) 331 ITR 236 (Bom), while dealing with the effect of insertion of Explanation 3 to section 147 by the Finance (No. 2) Act, 2009 with effect from 1.4.1989, opined that the Assessing Officer has the power to assess other incomes not referred to in the notice of reassessment only if he assesses the income referred to in such notice.

Interest on Refund

In **CIT v. Assam Roofing Ltd. (2011) 330 ITR 87 (Gau)** where the facts were that the assessee-company filed its return of income on 31.12.1992 offering transport subsidy received by it for taxation and paid the tax thereon, it filed an appeal against the order of assessment passed on 16.5.1994 claiming for the first time that the transport subsidy was not taxable, the Commissioner (Appeals) deleted the transport subsidy from the total income vide order dated 27.10.1994 and the Assessing Officer passed an order giving effect to the appellate order on 13.12.1994, the Gauhati High Court held that since the assessee was responsible for some delay in grant of the refund, it was entitled to interest under section 244A on the amount refundable from 16.5.1994 till the date of refund.

Interest under Section 234B

The Delhi High Court has in **DIT v. Jacobs Civil Incorporated (2011) 330 ITR 578 (Del)** taken

the view that where the person responsible for making payment to a non-resident did not deduct tax at source under section 195 on such payment, the non-resident was not liable to pay advance tax thereon and consequently, was not liable to pay interest under section 234B.

Tribunal

The Tribunal, while exercising the power of rectification under section 254(2), can recall its order in entirety if it is satisfied that prejudice has resulted to the party which is attributable to the mistake, error or omission on the part of the Tribunal and which error is a manifest error and it has nothing to do with the doctrine or concept of inherent power of review and the Tribunal in certain circumstances can recall its own order and section 254(2) does not totally prohibit so, held the Full Bench of the Delhi High Court in **Lachman Dass Bhatia Hingwala (P) Ltd. v. ACIT (2011) 330 ITR 243 (Del) (FB)**.

Appeal to High Court

The Supreme Court has in **Vijay Kumar Talwar v. CIT (2011) 330 ITR 1 (SC)**, while dealing with section 260A providing for an appeal to the High Court from a decision of the Tribunal when a substantial question of law is involved, ruled that a finding of fact may give rise to a substantial question of law, inter alia, in the event the findings are based on no evidence and/or while arriving at the said finding, relevant evidence has not been taken into consideration or inadmissible evidence has been taken into consideration or legal principles have not been applied in appreciating the evidence or when the evidence has been misread.

Prosecution

Where a notice under section 2(35)(b) indicating an intention on the part of the Department to treat the director of the assessee-company as principal officer of the company was not issued before launching prosecution under section 276B against the director, prosecution launched against the director was liable to be quashed, ruled the Delhi High Court in **ITO v. Delhi Iron Works (P) Ltd. & Ors. (2011) 331 ITR 5 (Del)**.

Tax Deduction at Source

The Uttarakhand High Court has in **CIT & Anr. v. Enron Expat Services Inc. (2011) 330 ITR 496 (Utk)** where the assessee paid salaries to its employees every month during the relevant previous year but did not deduct tax in each month and deducted tax during October 1999 and February 2000 falling within the relevant previous year, expressed the view that section 192(3) permitted deduction of tax by way of adjustment during the financial year in case of failure to deduct tax in the financial year and, therefore, the assessee was not liable to pay interest under section 201(1A).

Wealth Tax

An incomplete building neither falls within the definition of a building as contemplated under section 2(ea) nor within the purview of urban land as excluded by Explanation 1(b) thereto and, therefore, the value of house under construction including the investment on construction is not liable to wealth tax, opined the Punjab & Haryana High Court in **CIT v. Smt. Neena Jain (2011) 330 ITR 157 (P & H)**. ■

THE MONTH THAT WAS (APRIL 2011)

16 th & 17 th	Participated in the Dinakaran Education Expo 2011 [Career Counselling programme].
22 nd to 24 th	Regional Residential Course on Taxation at Yercaud [Theme: Survey, Search & Seizure]
25 th	Walkathon, Blood Donation Camp, CPE Meeting on "Law relating to Anti Money Laundering and Benami Transactions" & Inauguration of Diamond Jubilee Celebrations of SIRC of ICAI
29 th to 1 st May	National Residential CPE Seminar at Munnar
6 th , 20 th & 27 th	CPE Study Circle Meetings
SIRC acknowledges the contribution and support extended by the resource persons, Ernakulam and Salem Branches, members of the Diamond Jubilee Celebrations Committee and the participants for making all the programmes a resounding success.	

COACHING CLASSES AT SIRC OF ICAI**10-Day CPT Rapid Revision Classes**

Commences on May 25, 2011

Fee: Rs. 1500/-

Timings: 10.00 a.m. to 05.00 p.m.
(06.30 am to 09.30 am & 05.30 pm to 08.30 pm for Accountancy Classes only)

*Students who have already appeared CPT Examination but yet to qualify may join this batch***Three months intensified coaching classes
for PCC/IPCC and FINAL courses for November 2011 Examinations**

Commences on June 1, 2011

Timings:

06.30 am to 09.30 am & 05.30 pm to 08.30 pm
(on Sundays: Between 06.30 a.m. & 05.00 p.m.)

Fee:		
FINAL	Rs.5,400/- (for both groups)	Rs.3,000/- (for one group)
PCC/IPCC	Rs.4,200/- (for both groups)	Rs.2,400/- (for one group)

- Fee remittance by Syndicate Bank, Nungambakkam branch, Chennai-34. Bank challan available at SIRC Office.
- Outstation students should remit fee by DD favouring "SIRC of ICAI" payable at Chennai. Fee and details (name, address, contact no. and Students Registration No.) to be sent to SIRC of ICAI, 122 MG Road, Chennai-34.
- For latest announcements and information visit www.sircoficai.org – Ph: 044-3021 0322 / 3989 3989 – Fax: 044 – 3021 0355 - Email: sircclasses@icai.in; sirc@icai.in

**ICAI LIVE CLASSES FOR CPT & IPCC COURSES.
From May 2, 2011 to July 12, 2011**

- Leveraging latest technology innovations in education
- Eminent Faculty
- 24 Centres in 21 Cities

The second batch of ICAI Live Classes will commence from 02-May-11. These classes aim to provide good quality education by best faculty across the country on a uniform basis as per following schedule:

Course	Subjects	Timings	Fees
CPT	All Subjects	M/W/F/S : 1:00 pm – 5:30 pm	Rs.4,000/-
IPCC-I	Accounting, Cost Accounting & Financial Management, and Taxation	Mon to Sat : 7:30 am – 12:30 pm	Rs.8,000/-
IPCC-II	Advanced Accounting	M/W/F/S : 6:00 pm – 8:30 pm	Rs.3,000/-

The Classes will be available at Chennai, Bangalore, Coimbatore, Hyderabad and Kochi in Southern Region. The Centre addresses and registration form are available on the Institute website at www.icai.org.

Registration for these courses is on First-Come-First-Served basis considering limited seats availability. Students are advised to register well in time by filling the registration form along with requisite fee through DD/ Pay Order drawn in favour of "The Secretary, ICAI" payable at Delhi/ New Delhi and submit the same to their respective Regional/ Branch Offices by Person/ Speed Post/ Reputed Courier. Please contact liveclasses@icai.org/ Tel. 120-3045924/27 for further details/ assistance.

Director, Board of Studies, ICAI

**IMPORTANT ANNOUNCEMENT
ATTENTION OF MEMBERS**

Kind attention of Members is invited to the revised schedule of Membership and related fee **effective from 01st April, 2011** as given below: -

Particulars of Fees	Revised Fee ₹
Membership Fee	
Entrance Fee	1200
Fellow Admission Fee	1800
Annual membership Fee	
Associate Fee	800
Fellow Fee	2200
Certificate of Practice Fee	2000
Restoration Fee	1200

Members who are senior citizens i.e. have attained the age of 65 years as on 1st April of the relevant year will be required to pay the fees at lower rates which is as under: -

Particular of Fees	Revised Fee ₹
Annual membership Fee	
Associate Fee	600
Fellow Fee	1600
Certificate of Practice Fee	1500

Members are requested to remit the fee for membership / Certificate of Practice / Fellow membership at the prescribed amount as applicable to them.

Members can pay their fee online by clicking online payments link on the homepage of www.icai.org

WORK DISPOSAL POSITION

The position of disposal of various matters relating to members and students of Regional Office, Chennai as on 28.04.2011 is as under:

Particulars	Disposal of records received upto
Members	
Enrolment of Members	14.04.2011
Fellow Admission	21.04.2011
Grant of COP	20.04.2011
Restoration of Name - Recommended upto	27.04.2011
Restoration of Name - Cleared upto	12.04.2011
Constitution of Firms	26.04.2011
Reconstitution of Firms	25.04.2011
Paid Assistant	25.04.2011
Change of Address - Members	25.04.2011
Change of Address - Firms	27.04.2011
Students	
Registration of Articles	11.04.2011
Re-registration of Articles	22.04.2011
Industrial Training	15.04.2011
Termination of Articles	25.04.2011
Completion of Articles	20.04.2011
Permission to pursue Other Courses	20.04.2011
Change of Address - Students	26.04.2011
Despatch of Materials - CPT	24.04.2011
Despatch of Materials - Final	20.04.2011
Despatch of Materials - IPCC	20.04.2011
Despatch of Materials - ATC	20.04.2011
Despatch of Materials - ITT (By Post)	27.02.2011

Provision of 15-minutes reading time to the candidates of Chartered Accountants Examinations (Effective from May-2011 CA Examinations)

The Council of the Institute, based on the recommendation of the Examination Committee has decided to allow **15-minute reading time** to the candidates in the Chartered Accountants Examinations before the scheduled commencement of the examinations i.e., if the examination commences from 2.00 PM, then the candidates will be given Question Papers at 1.45 PM. This reading time will **not** be available for CPT and all post qualification Courses Examinations.

The objective of providing question paper 15 minutes before the scheduled time is to:

- Enable the candidates to read the question paper thoroughly (without encroaching on the examination duration) and
- Chalk out the strategy to answer the questions.

Candidates are required to note the following in this regard:

- The candidates will not be allowed to leave the Examination Hall under any circumstances from 1.45 PM to 3.00 PM.
- The candidates shall be allowed to enter the hall from 1.30 PM upto 2.30 PM only.

Any breach of the above requirements would be treated as adopting Unfair Means by the students concerned and applicable disciplinary action would be taken on such erring students.

(G. Somasekhar), Additional Secretary (Exams)

Campus Placement Programme

Campus Placement Programme for Newly Qualified Chartered Accountants Exclusively structured for Small & Medium sized Enterprises (SMEs) & the Small and Medium sized CA Firms. Campus Interview Dates

Centres	Dates
Bangalore, Chennai, Kolkata, Mumbai and New Delhi	18 th & 19 th May, 2011
Ahmedabad, Indore, Kanpur, Ludhiana, Pune, Chandigarh, Coimbatore, Hyderabad, Jaipur & Nagpur.	19 th May, 2011

Invitation to Employers: Organisations intending to recruit Newly Qualified Chartered Accountants through the scheme given below are requested to get in touch with Secretary, Committee for Members in Industry, Indraprastha Marg, New Delhi - 110002, Tel. No. [011] 30110548/549 E-mail: placements@icai.org, mii@icai.org; Fax- +91(11) 30110583 [or] Placement Coordinator, at Tel +91(11) 30110450 or log on to <http://www.cmii.icai.org/> or <http://www.icai.org/>. Helpline Number: 011-30110549, campus@icai.in Chairman, CMII

New Arrivals at Sales Counter

S.No.	Name of the Publication	Price ₹	Postage ₹
1	Technical Guide To Internal Audit of Bpo Industry	200/-	30/-
2	Compendium of Standards on Internal Audit, Oct 2010	300/-	30/-
3	Compendium of Opinion - Vol 28	300/-	30/-
4	Background Material For Audit Training Workshops & Seminars	650/-	50/-
5	Technical Guide on Social Audit	150/-	30/-
6	Technical Guide on Audit Of Non-Banking Financial Companies	150/-	30/-
7	Practical Approach to General Insurance Management.	450/-	50/-
8	Technical Guide on Information System Audit	250/-	30/-
9	Referencer on FEMA, 1999	600/-	50/-
10	Guidance Note on Audit of Banks, 2011	750/-	80/-

Institute's sales counter at Chennai is open from 10.00 a.m. to 05.00 p.m. [Except lunch hour 01.00 to 02.00 p.m.]. If required by post send DD favouring "ICAI" payable at Chennai. [Add Rs.17/- for registered book post]

OBITUARY

Mem. No.	Name	Status	Place	Date of Death
002636	MR. APPARAO DURISETI NARASIMHA	FCA	VISAKHAPATNAM	12/11/2010
004623	MR. SUNDARAM M	FCA	CHENNAI	04/02/2011
009541	MR. SAI RAMAN V	FCA	CHENNAI	16/03/2011
013142	MR. VENKATA SUNDARAM VISWANADHAM	FCA	KAKINADA	25/11/2010
018835	MR. PUNNAIAH G	FCA	HYDERABAD	12/11/2010
206763	MS. SAMPATH KUMARI R	FCA	VILLUPURAM	02/04/2011
221160	MS. GAYATHRI K	ACA	CHENNAI	01/03/2011

May the Almighty Architect of the Universe rest their souls in peace.

CPE HOURS REQUIREMENTS

for various categories of members of the Institute for the Block period of 3 years (01-01-2011 to 31-12-2013)

All the members who are holding Certificate of Practice (except those members who are residing abroad), unless exempted, are required to:

- Complete at least 90 CPE credit hours in each rolling three-year period of which 60 CPE credit hours should be of structured learning.
- Complete minimum 20 CPE credit hours of structured learning in each year.

All the members who are not holding Certificate of Practice or are residing abroad (whether holding Certificate of Practice or not), unless exempted, are required to:

- Complete at least 45 CPE credit hours of structured/unstructured learning in each rolling three-year period
- Complete minimum 10 CPE credit hours of structured/unstructured learning in each year.

All the members (above 60 years of age) who are holding Certificate of Practice, unless exempted, are required to:

- Complete at least 70 CPE credit hours (structured/unstructured) in each rolling three-year period.
- Complete minimum 10 CPE credit hours of structured/ unstructured in the first year i.e. 2011
- Complete minimum 20 CPE credit hours of structured/ unstructured in the second and third year i.e. 2012 & 2013.

All the members (above 60 years of age) who are not holding Certificate of Practice are required to:

- Complete at least 35 CPE credit hours (structured/unstructured) in each rolling three-year period.
- Complete minimum 5 CPE credit hours of structured/ unstructured in the first year i.e. 2011
- Complete minimum 10 CPE credit hours of structured/ unstructured in the second and third year i.e. 2012 & 2013.

TOLL FREE SERVICES FOR MEMBERS AND STUDENTS OF SOUTHERN REGION

Members and Students belonging to Southern Region are requested to avail the Toll Free Services on the following Numbers.

18004254265

18004254275

THREE DAYS RESIDENTIAL REFRESHER COURSE

Friday – Sunday, May 27-29, 2011

Carmelia Heaven Resort (A Plantation Theme Resort),
Vandenmedu (Land of Hills and Spices Plantations), Idukki Dist., Kerala.
 Resort Location: 25 Kms from Thekkady/Kumali towards Thekkady-Munnar route

Organised by Committee for Capacity Building of CA Firms and
 Small & Medium Practitioners, ICAI
 Hosted jointly by SIRC of ICAI & Alleppey Branch of SIRC of ICAI

Checkin: 12.00 p.m. on 27.05.2011 - Checkout: 01.30 p.m. on 29.05.2011

CPE Credit
12
 HOURS

Inauguration and Special Address by

CA. G. Ramaswamy, President, ICAI
 CA. Jaydeep N. Shah, Vice-President, ICAI
 CA. Vijay K. Garg, Chairman, CCBCAF & SMP, ICAI
 CA. K. Shanmukha Sundaram, Chairman, SIRC of ICAI

Technical Sessions

- Service tax – recent amendments and with emphasis on certain services
- Emerging opportunities for practicing Chartered Accountant Professionals
- Provisions of Sec 40 a (ia) of the Income tax Act.
- Charitable or religious trusts – Direct taxes and FCRA
- An analysis of new Schedule VI requirements & impact of IFRS on B/S format.
- Salient features of Direct Tax Code

Resource Persons

CA. Rajendra Kumar P, Chennai
 CA. R. Krishnan, Alleppey
 CA. M.C. Joseph, Kochi
 CA. Atul C. Bheda, Mumbai
 CA. A. Gopalakrishnan, Kochi

For registration and other enquiries contact Secretary, Alleppey Branch of SIRC of ICAI (0477 – 2261 458) Email: alleppey@icai.org (or) Secretary, CCBCAF & SMP, ICAI (011-30110430) Email: ccbcf@icai.org (or) Assistant Director, CCBCAF & SMP, ICAI (93500 39426)

DELEGATE FEE

Residential (Including accommodation, breakfast, lunch, dinner, entertainments and course material)

For Members	Per participant – (on twin sharing basis)	₹ 6,000/-
	Per participant – (single occupancy)	₹ 10,000/-
	For Alleppey ARS Members (twin sharing basis)	₹ 5,500/-
	Accompanying person:	
	For Spouse (including child below age 5 years)	₹ 5,500/-
	Per child (age upto 15) (without extra bed)	₹ 1,600/-
	Per child (with extra bed)	₹ 2600/-
For Non-Members	Per participant – (on twin sharing basis)	₹ 7500/-

Non Residential (Including lunch)

For Members	Per participant	₹ 3500/-
	For Alleppey ARS Members	₹ 3000/-
For Non Members	Per participant	₹ 4500/-

Fees payable by DD/Cheque in favor of 'Alleppey Branch of SIRC of ICAI' payable at Alleppey. Fee may be sent to the Chairman, Alleppey Branch of SIRC of ICAI, "ICAI Bhavan", Behind District Co-operative Bank Building Lane, M.O., Ward, Opp. Town Hall, Alleppey – 688001.

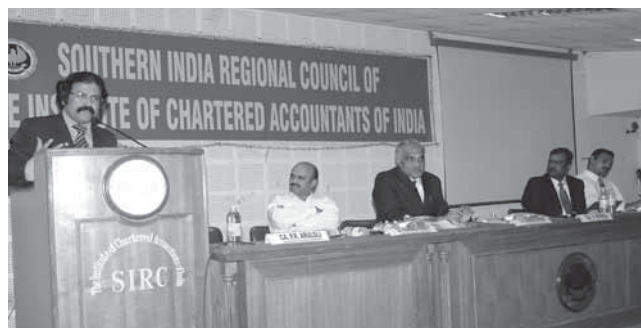
Programme Chairman
 Chairman
 CCBCAF & SMP, ICAI

Programme Director
 Chairman
 SIRC of ICAI

Programme Co-ordinator
 Chairman
 Alleppey Branch of SIRC



CA. K. Shanmukha Sundaram, Chairman, SIRC of ICAI, CA. C.S. Srinivas, Chairman, SICASA, CA. P.R. Aruloli, Member, SIRC and Staff of SIRC explaining the parent and the student about the CA Course at the SIRC of ICAI stall in the Dinakaran Educational Expo 2011 held on April 16 & 17, 2011 at the Chennai Trade Centre, Chennai.



CA. V. Murali, Chairman, Board of Studies, ICAI addressing at the Valedictory Session of the GMCS Course held on April 17, 2011 at ICAI Bhawan, Chennai. (L-R) CA. Rajendra Kumar P, Central Council Member, ICAI, CA. K. Shanmukha Sundaram, Chairman, SIRC of ICAI, CA. G. Sivakumar, Head, Finance & Legal, FSS (P) Ltd. and CA. Gopal Krishna Raju, Member, SIRC.



Group Photograph of Winners of various sports events organized by SICASA taken at the Valedictory Session of the Seminar on Bank Audit on March 26, 2011 organized by SICASA. (L-R on the dias): Mr. C. Naresh, Secretary, SICASA, CA. P.R. Aruloli, Member, SIRC, Chief Guest Mr. T.R. Dharmalingam, Former T.N. Ranji Trophy Cricketer, Chennai CA. C.S. Srinivas, Chairman, SICASA, CA. K. Shanmukha Sundaram, Chairman, SIRC and Ms. M. Srikrupa, Vice-Chairperson, SICASA

CPE STUDY CIRCLE MEETINGS - April 2011 at SIRC, Chennai

April 6, 2011



CS. M.R. Thyagarajan, Coimbatore

April 20, 2011



CA. D. Kannusami, Cuddalore

April 27, 2011



CA. Gopal Krishna Raju, Chennai



CS. S. Dhanapal, Chennai

DIAMOND JUBILEE CELEBRATIONS OF SIRC OF ICAI

Honouring of present Central Council Member and present Regional Council Members



DIAMOND JUBILEE CELEBRATIONS OF SIRC OF ICAI
Honouring of present and past Regional Council Members





CA. G. Ramaswamy, President, ICAI addressing the Press on April 25, 2011 at ICAI Bhawan, Chennai. (L-R): CA. Gopal Krishna Raju, Member, CA. E. Phalguna Kumar, Treasurer, CA. K. Viswanath, Vice-Chairman, CA. S. Murali, Secretary, CA. K. Shanmukha Sundaram, Chairman of SIRC of ICAI, CA. J. Venkateswarlu and CA. Rajendra Kumar P, Central Council Members, ICAI.



CA. G. Ramaswamy, President, ICAI addressing the Members at the Reception to President, ICAI & Vice-President, ICAI organised by Trichur Branch of SIRC of ICAI - April 11, 2011. (L-R): CA. V.X. Jose, Member, SIRC, CA. Babu Abraham Kallivayalil, Member, SIRC & Ex-Officio Member, Trichur Br., CA. Jaydeep Narendra Shah, Vice-President, ICAI, CA. K. Shanmukha Sundaram, Chairman, SIRC, CA. C.L. Sony, Chairman, Trichur Br. & CA. K.M. Geo, Secretary, Trichur Br.



CA. K. Shanmukha Sundaram, Chairman, SIRC addressing the Members at the programme organised by Erode Branch of SIRC of ICAI to felicitate him on April 15, 2011. (L-R): Dr. J. Kumar, Director, Erode Builders Educational Trusts, Dr. L.M. Ramakrishnan, Correspondent, Bharathi Vidhya Bhawan School of Education, CA. C.P. Suresh Kumar, Chairman, Erode Branch and CA. N. Thangavel, Secretary, Erode Branch



Orientation Programme for Chairmen of Branches of SICASA attended by Chairmen and Student-Member on April 25, 2011 at ICAI Bhawan, Chennai. (L-R on the Dias): CA. E. Phalguna Kumar, Treasurer, SIRC, CA. C.S. Srinivas, Chairman, SICASA, CA. K. Shanmukha Sundaram, Chairman, CA. P.R. Aruloli, Member, CA. S. Murali, Secretary, CA. G.V.V. Satyanarayana and CA. Sumermal D. Ostawal, Members of SIRC.



CA. K. Raghu, Chairman, Committee for Members in Industry, ICAI CA. V. Murali, and CA. Rajendra Kumar P, Members of Committee for Members in Industry, ICAI felicitating CA. Sharat Chandrasekar for having been offered the highest CTC by M/s. Olam International Limited at the ICAI Campus Placement Programme held during February-March, 2011 at Chennai



CA. K. Raghu, Chairman, Committee for Members in Industry, ICAI, CA. S.B. Zaware, Central Council Member, ICAI, CA. K. Shanmukha Sundaram, Chairman, SIRC felicitating CA. Vinayak Vijayakumar for having been offered the highest CTC by M/s. Olam International Limited at the ICAI Campus Placement Programme held during February-March, 2011 at Chennai in the presence of his mother Smt. Sindu Vijayakumar. (L-R): CA. Saji Mathew, Chairman, Ernakulam Branch, CA. T. Banusekar, Chennai (Resource Person).

NATIONAL RESIDENTIAL CPE SEMINAR AT MUNNAR – APRIL 29 TO MAY 1, 2011

Organised by Committee for Member in Industry, ICAI Host: SIRC of ICAI & Ernakulam Branch of SIRC



Delegates with CA. K. Raghu, Chairman, Committee of Members in Industry, ICAI, CA. S.B. Zaware, Central Council Member, ICAI, CA. K. Shanmukha Sundaram, Chairman, SIRC of ICAI, CA. Saji Mathew, Chairman, Ernakulam Branch, Office-Bearers and Managing Committee Members of Ernakulam Branch and Resource Persons.



COIMBATORE CALLING 43rd Regional Conference of SIRC of ICAI

Friday & Saturday - August 19 & 20, 2011
CODISSIA Complex, Coimbatore

All are cordially invited

The Mega Conference will have the privilege of receiving

CA.G.Ramaswamy
President, ICAI

CA.Jaydeep Narendra Shah
Vice - President, ICAI

Please block your dates in advance and plan your visit to
Coimbatore, the Manchester of South India.

Theme for the 43rd Regional Conference
SIRC invites suggestions from members for the Theme of the conference.
Mail to : chairmansirc@gmail.com

TWO DAY TRAINING PROGRAMME FOR OFFICIALS OF FINANCE DEPT., GOVT. OF TAMIL NADU

Organised by ICAI Committee on Public Finance & Govt. Accounting



CA. R. Kirlosh Kumar, IAS, Joint Secretary, Ministry of Finance, Govt. of Tamil Nadu (3rd from left) released the Background Material at the inauguration Session on April 26, 2011 at ICAI Bhawan, Chennai. (L-R): Dr. Vijay Pingale, IAS, Deputy Secretary (Budget), CA. Rajendra Kumar, P, CCM & Member, CPF&GA, ICAI and CA. K. Shanmukha Sundaram, Chairman, SIRC of ICAI.

REGIONAL RESIDENTIAL COURSE ON TAXATION

AT YERCAUD – April 22 to 24, 2011

Organised by SIRC of ICAI – Host: Salem Branch
(Theme: Survey, Search & Seizure)



CA. K. Shanmukha Sundaram, Chairman, SIRC inaugurating. (L-R): CA. R. Gunasekaran, Vice-Chairman, CA. V. Sudharsan, Salem SICASA Chairman, CA. V. Madhukar, Secretary, CA.M. Sekar, Chairman, Salem Branch, CA. V. Jagadisan, Past Central Council Member, ICAI, Course Moderator, CA. E. Phalguna Kumar, Treasurer, SIRC, CA. P.R. Aruloli, CA. P.V. Rajarajeswaran, Members, SIRC and CA. V. Jayaprakash, Treasurer, Salem Branch.